

BOARD OF PUBLIC UTILITY COMMISSIONERS

The regular meeting of the CITY OF FARMINGTON BOARD OF PUBLIC UTILITY COMMISSIONERS was held Wednesday, March 12, 2014 at 3:00 p.m., in the Executive Conference Room at City Hall, 800 Municipal Dr., Farmington, New Mexico, in full conformity with the laws and ordinances of the Municipality.

I. GENERAL

1. Commission members present: Amanda Weese
James Spence
Jeff Parkes
Chris Hunter
Tory Larsen
Bill Hall
Keith Johns

Commission members absent: Bill Standley
Marty Johnson
Vic Eicker
Carol Cloer

City personnel present:

Water/Wastewater	Jeff Smaka
CH2MHill OMI	Ron Rosen
PUC Secretary	Amy McKinley
Accounting	Sheree Wilson
Utility Business Operations	Susan Nipper
Electric Utility Director	Michael Sims
Electric Transmission & Distribution	Rodney Romero
Electric Generation	Jim McNicol
Electric Engineering	John Armenta
Administrative Services	Andy Mason

Guests:

Richard Miller, Electric Generation

2. Chair Weese called the meeting to order at 3:00 PM with a quorum present to conduct the business of the Commission.
3. The Minutes for the February 12, 2014 were approved as circulated.

II. BUSINESS

1. Water/Wastewater Report:

As requested by the Commission at the February 2014 meeting Mr. Smaka explained the change in cost of the OMI contract. Mr. Smaka stated the change in the cost of the contract with OMI is not only contract value but it is also work that is associated with the contract that is not a capital expense, such as water breaks, possible pump repairs, hydrant repairs, non-capital maintenance issues. Mr. Smaka stated the contract on the wastewater side is very similar. Mr. Smaka stated the contract amount on the water side increased by 2.8% last year.

Commissioner Hunter asked Mr. Smaka to briefly detail the change in the contract dollars in future reports.

Mr. Smaka briefly reviewed current water/wastewater projects. Mr. Smaka state the sole-source contract for the Itron equipment has been signed off on and the order will be placed this week. Mr. Smaka stated the amendment with CH2MHill for the

installation of the meters and the Itron equipment is in place. Mr. Smaka the purchase of the meters will bid on March 19, 2014. Mr. Smaka stated once the meters are purchased and delivered, CH2MHill will begin the installation of the 13,000 meters.

Chair Weese commented that she thought is project was already underway. Mr. Smaka explained that the earlier contract bidding process brought a bidder did not meet the New Mexico licensing requirement and another contractor submitted a bid that was over the project estimate.

Mr. Smaka reported a new 20" water line will be installed along 20th Street between Municipal Drive and Sunset. Mr. Smaka state the Pressure Reducing Valve (PRV) at East Main and Gila has been completed. Mr. Smaka stated the electrical equipment for the Lift Station 5 rebuild is scheduled to arrive at the end of March.

Commissioner Hunter asked what percentage of total meters the 13,000 meters equals. Mr. Smaka stated there are approximately 16,000 meters. Commissioner Hunter asked if the remaining 3,000 meters will be replaced at a later date. Mr. Smaka stated these meters are new enough that they do not need to be replaced at this time.

2. Water/Wastewater Operations Report:

Ron Rosen, CH2MHill/OMI reported on the Water/Wastewater operations for the month of February.

Mr. Smaka reported on the status of the loan for Phase III of the Wastewater Treatment Plant loan. Mr. Smaka stated this is an approximately \$14 million project and the paperwork is at the office of the bond attorney and is being prepared to go back to the State as a draft. Mr. Smaka stated he is hopeful this loan paperwork will go before the City Council in April.

Commissioner Hall asked where the \$14 million is coming from. Mr. Smaka stated this amount is a loan from the State with a 3% interest rate.

3. System Operations Report:

Rodney Romero passed around a sample of the presently used AMR electric meter and the new smart meter the utility will be installing. Mr. Romero presented information regarding the upcoming installation project of the new smart meter electric meters. Mr. Romero stated this new meter enables the utility to look at many activities of the meter such as electricity usage and billing, voltage on the grid, outage information and meter tampering. Mr. Romero stated the customer can also purchase an add-on device that can show their actual usage. Mr. Romero stated that another feature of this meter is the ability to remotely perform disconnects and reconnects. Mr. Romero stated this meter has the ability to give indication if it loses power, so it can tell us if we have a power outage in the area.

Chair Weese asked if the add-device to the smartmeter would be installed by utility personnel. Mr. Romero stated this activity has not been fully discussed, but Mr. Romero stated the utility would be able to direct the customer on the connection of the device.

Commissioner Johns asked what the cost is for each type of meter. Mr. Romero stated the smartmeter cost is approximately \$250 per meter and the present meter has a cost of approximately \$200 per meter.

Vice-Chair Spence asked what is done with the old meters. Mr. Romero stated the meters are returned to the manufacturer and the utility will receive an approximate 75% credit for the returned meters.

Commissioner Johns asked how soon the meter change out would take place. Mr. Romero stated the first substation where new meters were installed was the Pine River Substation. Mr. Romero stated this substation was selected because of its far out location.

Chair Weese asked if this meter will be installed at every customer location. Mr. Romero stated this project will be phased in over the next few years.

Commissioner Parkes asked if the power to customer will be shut off for the installation. Mr. Romero stated yes, but the outage would be for a very short time. Mr. Romero stated that should a scheduling conflict arise with the customer the utility will work with the customer to arrange an alternate time to perform the meter change-out.

Vice-Chair Spence asked how many vendors deal with these smartmeters. Mr. Romero stated there are several vendors in the market. Mr. Romero stated the utility selected Landis & Gyr to supply the meters.

Commissioner Hunter asked if this new smartmeter will allow us to perform meter readings by wire. Mr. Romero stated yes.

Commissioner Hunter asked if the logic in this system, if it made sense economically down the road, to look at time of use billing. Mr. Romero stated this is not something the utility is doing right now, but this capability is built into the new smartmeter.

Commissioner Johns asked how frequent meter tampering occurs. Mr. Romero stated an average of 15 tampers per month is detected.

Commissioner Hall asked in which court the tampering cases go. Mr. Romero stated the initial response is to assess a tampering charge. Mr. Romero stated should the customer tamper with a meter a second time, the lines are cut to the meter and the case is taken to civil court.

Commissioner Hall asked what the tampering charge is. Mr. Romero stated the charge is \$250.00 plus the calculated past due costs.

Commissioner Parkes if the ability to remotely turn off someone's power presents different challenges in terms of accidents or making a decision to turn off someone's power off. Mr. Romero stated this could occur, specifically with someone who has a medical need to always have power. Mr. Romero stated these customers typically have a flag on their account to alert the utility to this special need. Mr. Romero stated if the account does not have this flag, the power would be disconnected.

4. Generation Report:

Mr. McNicol introduced Mr. Richard Miller, Generation Superintendent. Mr McNicol stated that Mr. Miller and his team make the electricity for the utility.

Mr. McNicol reported that the generation division of 29 employees has assembled a good record of working injury free with no recordable OSHA injuries in 2013 and there are no recordable OSHA injuries so far in 2014. Mr. McNicol reported that all 29 employees have recently been re-trained with respect to first aid and CPR/AED.

Mr. McNicol stated the generation division is focusing on the activities the division can do to avert injuries/accidents before they occur. Mr. McNicol these activities include such things as safety meetings at the beginning of each shift, monthly safety audits at each of the plants and "Safety Time Outs" which stresses to the generation employees that each employee is able and expected to call a "time out" whenever they see an unsafe work activity in process at the plant so that a safe alternative to the activity can be determined.

Mr. McNicol reported that historically, the utility's owned and operated plants have had Equivalent Availability Factors (EAFs) in the 90% - 95% range and the San Juan Generating Station has had EAFs in the 85% to 90% range.

Mr. McNicol reported that the Bluffview Air Inlet Heating unit is continuing to have operational issues due to the GE electric heaters. Mr. McNicol stated GE has had to redesign both the mechanical and electrical components associated with the system.

Chair Weese asked if the Bluffview Power Plant is down. Mr. McNicol stated the plant is not down, that electric heaters were brought in and are used when temperatures mandate their use to prevent the formation of ice. Mr. McNicol stated that he has requested the GE reimburse the utility for the rental costs of these electric heaters.

Vice Chair Spence asked what contingencies are being addressed with the emergency action plans. Mr. McNicol stated that all contingencies that can be thought of, to include fire, medical, hazardous material spill, cyber security, etc., are addressed in this emergency action plan.

There was general discussion regarding cyber security and the various federal regulatory agencies that monitor and audit the utility's cyber security compliance activities.

5. Electric Utility Report:

Ms. Nipper presented the monthly and year to date Electric Utility Report.

Commissioner Hunter asked about exposure the utility may have to contracts on industrial sales, particularly if the customer has choices of leaving the system.

Mr. Sims stated the customer is not allowed to wheel power in from somewhere else.

Commissioner Hunter asked if the utility's industrial customers buy off the tariff or are contracts entered into.

Mr. Sims stated this is determined by the size of the customer and at the customer's preference.

Mr. Sims stated that the policy of the utility is to deal with all customers, no matter what their class, strictly through the rate structure in place and not to cut special deals with its customers. Mr. Sims recommends this practice continue.

Commissioner Hunter asked what a long term contract means to the customer.

Mr. Sims stated that to get a long term contract with the utility; and the utility has a rate that specifically gives a certain customer class above a certain usage access to that rate, this customer must sign a ten-year contract and in exchange for signing this long term contract, the customer gets a very competitive rate, a very low energy rate and a very, very low demand charge associated with that rate. Mr. Sims stated that should the customer leave the utility, the customer must continue to pay the minimum demand charge, which is substantial.

6. Director's Report:

Mr. Sims presented the Electric Report for the month of February.

Mr. Sims stated the utility staff is preparing for the Budget meeting that takes place on April 2, 2014. Mr. Sims reminded the Commission that the regular monthly PUC meeting will take place at 9:00 AM and the Budget Meeting will immediately follow at 10:00 AM. Mr. Sims stated that the utility will be asking the Commission for a recommendation to the Council to adopt the utility's Fiscal Year 2015 budget.

Mr. Sims stated that throughout the utility system, crews are doing a lot of pole replacements.

Mr. Sims reported that there was a 45 minute power outage at the Sullivan circuit 603 that affected 1,270 customers. Mr. Sims stated that a 3-phase transformer bank failed and all three transformers and cutouts had to be replaced.

Commissioner Hall stated that he assumed there is no forewarning that a transformer is going to fail. Mr. Romero stated that most faults are internal faults inside the transformer. Mr. Romero stated there is some oil testing that can alert crews to a fault, but some transformers just fail.

Mr. Sims reminded the Commission of the upcoming 2014 APPA National Conference and asked each member to consider attending and to notify Ms. McKinley of their plans to attend.

III. ADJOURNMENT

There being no further business to come before the Commission, upon motion duly made and seconded, the meeting was adjourned.

The meeting was adjourned at 4:32 p.m.

Approved this 2nd day of April, 2014.

A handwritten signature in cursive script, appearing to read "Amanda Weese", written over a horizontal line.

Amanda Weese, Chair